

## Results of 90-Day Outside Review of Exchange Appraisals

The BLM's Action Plan for addressing concerns of the Land Exchange and Appraisal Programs, dated 1/6/03, called for completion of the following interim steps:

- Obtain Independent Review of Exchange Appraisals
- Conduct Assessment of 90-Day Appraisal Reviews by Contractors

The objective of the exercise according to the Action Plan was to "require strict conformance with federal appraisal standards and professional practices by obtaining quality assurance reviews by contracting independent appraisal reviews." In order to meet this objective, reports were reviewed for compliance with both professional and federal appraisal standards (the Uniform Standards of Professional Appraisal Practice and the Uniform Appraisal Standards for Federal Land Acquisitions, a.k.a. "The Yellow Book"). The reviewers were also asked to separately identify any deficiency that could materially affect the value conclusion. The outside reviewers were required to have at least 4 years of review experience and 4 years of experience appraising under the Federal appraisal standards. They were also required to be state-certified in the state in which the properties being appraised were located and have competency in appraising the property type under review.

As of 2/27/03, there had been 57 completed outside reviews of exchange appraisals. Thirty-two of the original appraisals were completed by private fee appraisers, 23 were completed by BLM staff appraisers, and two were completed by a Forest Service staff appraiser. The appraisal reports under review contained 153 separate market value estimates totaling \$32 million in total value. They were performed for 17 different exchange cases in 7 different states. Because the nature of the review was to capture 100 percent of the work flow, the states did not receive equal coverage. A summary of reviews by state is given below.

STATE	AZ/NM	CA	CO	ID	MT	NV	OR/WA	UT	WY
No. of Reviews	3	2	14	22	6	0	2	8	0
Percent	5.3%	3.5%	24.6%	38.6%	10.5%	0%	3.5%	14%	0%

There was also uneven coverage by appraiser. Of the 24 appraisers reviewed, one appraiser's work was reviewed 17 times, one 6 times, one 4 times, 9 twice, and the other 12 received one outside review each. Of the 57 reviews performed, only one resulted in an unacceptable appraisal. This equates to 1.75% of the total. Ten others had some potentially value-affecting deficiencies that were resolved through discussions with the appraisers and/or reviewers supplemented by written support or clarification. Another 4 had minor non-value affecting deficiencies. The overall result of less than 2 percent unacceptable reports compared favorably with private industry quality assurance standards where 5 percent is a target.